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THE FEDERAL CROP INSURANCE CORPORATION



UNITED STATES DEPARTMENT OF AGRICULTURE

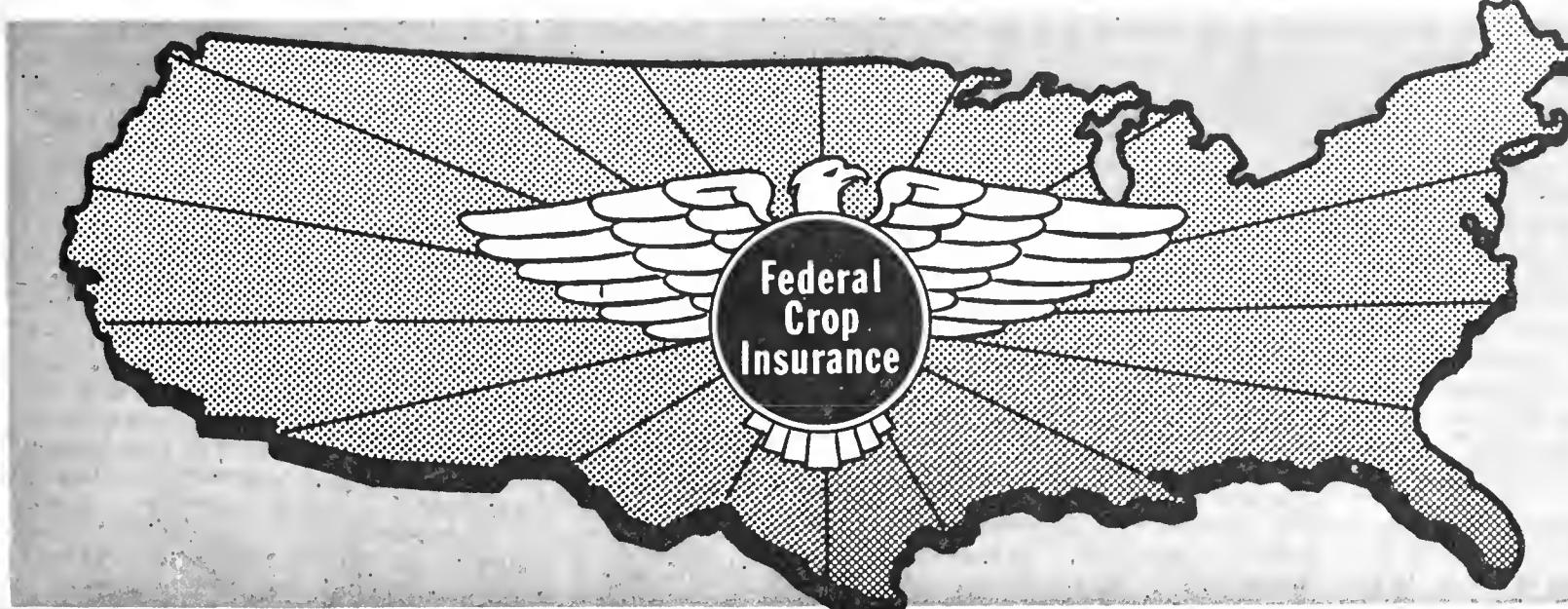
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+ **Multiple**

Crop

Insurance

Policy //

CONTINUOUS CONTRACT



MULTIPLE CROP INSURANCE

IN CONSIDERATION of the representations and provisions in the application upon which this policy is issued, which application is made a part of the contract, and subject to the terms and conditions set forth or referred to herein, the Federal Crop Insurance Corporation (hereinafter designated as the Corporation) does hereby insure

Policy number _____
50 _____
County _____
State _____

(hereinafter designated as the insured)

against unavoidable loss of his insured crops due to drought, flood, hail, wind, frost, freeze, winter-kill, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, plant disease, pole burn, and such other unavoidable causes as may be determined by the Board of Directors of the Corporation. (For any irrigated acreage, see attached rider.)

In witness whereof, the Federal Crop Insurance Corporation has caused this policy to be issued this _____ day of _____, 19____

FEDERAL CROP INSURANCE CORPORATION

By _____
State Crop Insurance Director.



TERMS AND CONDITIONS

1. Crops insured. The crops to be insured shall be those crops which are specified on the application until changed pursuant to the provisions of this policy. If the insured plants any part of his insurable crops for purposes other than that shown on the attached rider, he shall submit with his acreage report a designation of any acreage so planted. Upon approval of the Corporation, the acreage used in computing the premium and total coverage shall not include acreage so designated. However, any production harvested from such acreage shall be considered as production on the insured acreage in determining any loss under the contract.

2. Insurable acreage. For each crop year of the contract, any acreage is insurable for a crop only if a coverage for such acreage is shown for that crop on the county actuarial table (including maps and related forms) on the closing date for filing applications for insurance for that crop year, provided the farming practice followed on such acreage is one for which a coverage was established.

3. Responsibility of insured to report acreage and interest. (a) Promptly after planting the insurable crops (winter or spring) each year, the insured

shall submit to the Corporation, on a form entitled "Multiple Crop Insurance Acreage Report," a report over his signature of the number of acres in the county planted to each insured crop in which he has an interest at the time of planting. This report shall show the acreage of each insured crop for each insurance unit and his interest in each at the time of planting. If the insured does not have an insurable interest in any insured crop in any year, the acreage report shall nevertheless be submitted promptly after the planting of the insurable crops is generally completed in the county. Any acreage report submitted by the insured shall be considered final and not subject to change by the insured. However, in case a substitute insured crop is to be planted on acreage released by the Corporation and such acreage has definite boundaries and a full seeding of the substitute crop is to be made in time reasonably to expect a normal crop to be produced, such acreage of the substitute crop may be reported on a supplemental acreage report if it is filed by the insured with the Corporation representative at the time the first crop is released.

(b) The Corporation may elect to determine that the insured acreage is "zero" if the insured fails to file an acreage report within 30 days after planting the applicable insurable crops (winter or spring) is generally completed in the county, as determined by the Corporation.

(c) Failure of the county office to request submission of such report or to send a personal representative to obtain the report shall not relieve the insured of the responsibility to make such report.

4. Insured acreage. The insured acreage with respect to each insurance unit shall be the acreage of all insured crops as reported by the insured or as determined by the Corporation, whichever the Corporation shall elect, except that (a) insurance shall not attach with respect to (1) any acreage planted to an insured crop which is destroyed or substantially destroyed and on which it is practical to replant to the same crop, as determined by the Corporation, and such acreage is not replanted to such crop, (2) any acreage initially planted to an insured crop too late to expect a normal crop to be produced, as determined by the Corporation, and (3) any acreage planted for harvest in a crop year for which cancellation of the contract becomes effective (For any irrigated acreage see attached rider.) and (b) if the premium computed for an insurance unit on the basis of the acreage report is less than the premium computed for the planted acreage of all insured crops on the insurance unit, the insured acreage for each insured crop on the insurance unit shall be reduced proportionately. The Corporation reserves the right to limit the insured acreage of any crop or crops to the allotment or permitted acreage established under any act of Congress including the Agricultural Adjustment Act of 1938, as amended.

5. Insured interest. The insured interest in each insured crop covered by the contract shall be the insured's interest at the time of planting as reported on the acreage report or the interest which the Corporation determines as the insured's actual interest in the crop at the time of planting, whichever the Corporation shall elect. For the purpose of determining the amount of loss the insured interest in each insured crop shall not exceed the insured's actual interest at the time of loss or the beginning of harvest, whichever occurs first.

6. Life of contract, cancellation thereof. (a) Subject to the provisions of paragraph (d) of this section, the contract shall be in effect for the first crop year specified on the application and shall continue in effect for each succeeding crop year until either party gives to the other party, on or before the cancellation date of any year, written notice of cancellation which shall be effective: (1) Beginning with insurable crops planted for harvest in the next calendar year in counties where the cancellation date is between July 1 and January 1, or (2) beginning with insurable crops planted for harvest in the same calendar year in counties where the cancellation date is between January 1 and July 1. Any notice of cancellation given by the insured to the Corporation shall be submitted in writing to the county office.

(b) If the insured cancels the contract, he shall not be eligible for crop insurance for the crop year for which the cancellation is to become effective unless he subsequently files an application for insurance on or before the cancellation date for such year.

(c) If for two consecutive crop years no insurable crops in which the insured has an insurable interest are planted in the county, the contract shall terminate.

(d) If the minimum participation requirement as established by the Corporation is not met for any year the contract shall continue in force only to the end of the crop year for which such requirement is not met, except that if the minimum participation requirement is met on or before the next succeeding applicable closing date the contract shall continue to be in force.

7. Changes in contract. The Corporation reserves the right to change the insurable crop(s), premium rate(s), insurance coverage(s) and other terms and provisions of the contract from year to year. Notice of such changes shall be mailed to the insured at least 15 days prior to the applicable cancellation date shown herein. Failure of the insured to cancel the contract as provided in section 6 shall constitute his acceptance of any such changes. If no notice is mailed to the insured, the terms and provisions of the contract for the prior year shall continue in force.

8. Causes of loss not insured against. The contract shall not cover loss caused by: (a) Failure to follow recognized good farming practices; (b) poor farming practices, including but not limited to the use of defective

or unadapted seed, failure to plant a sufficient quantity of seed, failure properly to prepare the land for planting or properly to plant, care for or harvest and thresh the insured crop (including unreasonable delay thereof); (c) over-pasturage; (d) following different fertilizer or farming practices than those considered in establishing the coverage per acre; (e) planting an insurable crop on land which is generally considered incapable of producing a crop comparable to that produced on the land considered in establishing the coverage per acre; (f) planting a variety of seed which differs materially in yield from the variety considered in establishing the coverage per acre; (g) planting excessive acreage under abnormal conditions; (h) planting an uninsured crop with an insured crop or in the growing insured crop; (i) planting an insured crop under conditions of immediate hazard; (j) inability to obtain labor, seed, fertilizer, machinery, repairs or insect poison; (k) break-down of machinery, or failure of equipment due to mechanical defects; (l) neglect or malfeasance of the insured or of any person in his household or employment or connected with the farm as tenant, sharecropper, or wage hand; (m) domestic animals or poultry; (n) action of any person, or State, county or municipal government in the use of chemicals for the control of weeds; or (o) theft. (For any irrigated acreage, see attached rider.)

9. Notice of loss or damage. (a) If a loss under the contract is probable, notice in writing (unless otherwise provided by the Corporation) shall be given the Corporation at the county office immediately after any material damage to any insured crop. The crop shall not be harvested, removed, or any other use made of it (unless otherwise provided in the attached rider) until it has been inspected by the Corporation.

(b) If, at the completion of harvesting of the last insured crop, a loss under the contract has been sustained, or is probable, notice in writing (unless otherwise provided by the Corporation) shall be given immediately to the Corporation at the county office. If such notice is not given within 15 days after threshing (harvest in the case of any crop which is not threshed) is completed, or the latest date for the end of the insurance period for any crop insured under the contract, whichever date is earlier, the Corporation reserves the right to reject any claim for indemnity.

10. Released acreage. Any acreage on which an insured crop has been destroyed or substantially destroyed may be released by the Corporation. The crop shall be deemed to have been substantially destroyed if the Corporation determines that it has been so badly damaged that farmers generally in the area where the land is located and on whose farms similar damage occurred would not further care for the crop, or harvest any portion thereof. No insured acreage may be planted to a substitute crop or put to another use until the Corporation releases such acreage. On any acreage where the crop has been partially destroyed but not released by the Corporation, proper measures shall be taken to protect the crop from further damage. There shall be no abandonment of any crop or portion thereof to the Corporation.

11. Time of loss. Any loss shall be deemed to have occurred at the end of the insurance period for all insured crops planted on the insurance unit unless all insured crops on the insurance unit were destroyed or substantially destroyed earlier, in which event the loss shall be deemed to have occurred on the date of such destruction, as determined by the Corporation.

12. Proof of loss. If a loss is claimed, the insured shall submit to the Corporation, the Corporation form entitled "Statement in Proof of Loss for Multiple Crops," containing such information regarding the manner and extent of the loss as may be required by the Corporation. The statement in proof of loss shall be submitted not later than 60 days after the time of loss, unless the time for submitting the claim is extended in writing by the Corporation. It shall be a condition precedent to any liability under the contract that the insured establish the actual production of each insured crop, the amount of any loss for which claim is made, and that such loss has been directly caused by one or more of the hazards insured against by the contract during the insurance period for the crop year for which the loss is claimed, and that the insured further establish that the loss has not arisen from or been caused by, either directly or indirectly, any of the causes of loss not insured against by the contract. If a loss is claimed, any acreage of insured crops which is not to be harvested shall be left intact until the Corporation makes an inspection.

13. Insurance unit. Losses shall be determined separately for each insurance unit except as provided in the attached rider. An insurance unit consists of (a) all the insurable acreage in the county in which the insured has 100 percent interest at the time of planting, plus any insurable acreage owned by him and worked for him by sharecroppers at the time of planting, or (b) all the insurable acreage in the county owned by one person which is operated by the insured as a share tenant, or (c) all the insurable acreage in the county which is owned by the insured and is rented to one share tenant at the time of planting, or (d) all the insurable acreage in the county which is owned by one person and worked by the insured as a sharecropper at the time of planting. However, if an applicant so elects on his application, all insurance units may be combined into one combination unit. An insured may change his contract beginning with any crop year to or from a combination unit basis by advising the Corporation in writing at the county office prior to the applicable closing date. For any crop year of the contract acreage shall be considered to be located in the county if a coverage is shown therefor on the county actuarial table. Land rented for cash or for a fixed commodity payment shall be considered as owned by the lessee.

ATTACH APPLICATION AND RIDER HERE

14. Payment of indemnity. (a) Indemnities shall be paid only by check. The amount of indemnity for which the Corporation may be liable will be payable within 30 days after satisfactory proof of loss is approved by the Corporation, but if payment is delayed for any reason, the Corporation shall not be liable for interest or damages on account of such delay.

(b) Indemnities shall be subject to all provisions of the contract, including the right of the Corporation to deduct from any indemnity the unpaid amount of any earned premium plus any interest due and any other obligation of the insured to the Corporation.

(c) Any indemnity payable under a contract shall be paid to the insured or such other person as may be entitled to the benefits under the provisions of the contract, notwithstanding any attachment, garnishment, receivership, trustee process, judgment, levy, equity, or bankruptcy, directed against the insured or such other person, or against any indemnity alleged to be due to such person; nor shall the Corporation or any officer, employee, or representative thereof, be a proper party to any suit or action with reference to such indemnity, nor be bound by any judgment, order, or decree rendered or entered therein. No officer, agent, or employee of the Corporation shall, because of any such process, order, or decree, pay or cause to be paid to any person other than the insured or other person entitled to the benefits of the contract, any indemnity payable in accordance with the provisions of the contract. Nothing herein contained shall excuse any person entitled to the benefits of the contract from full compliance with or performance of, any lawful judgment, order, or decree with respect to the disposition of any sums paid thereunder as an indemnity.

(d) If a check issued in payment of an indemnity is returned undeliverable at the last known address of the payee, and if such payee or other person entitled to the indemnity makes no claim for payment within 2 years after the issuance of the check, such claim shall not thereafter be payable, except with the consent of the Corporation.

15. Payment to transferee. (a) If the insured transfers all or a part of his insured interest in an insured crop before the beginning of harvest or the time of loss, whichever occurs first, he shall immediately notify the Corporation thereof in writing at the county office. The transferee under such a transfer will be entitled to the benefits of the contract with respect to the interest so transferred, provided the transferee immediately following the transfer makes suitable arrangements with the Corporation for the payment of any premium with respect to the interest so transferred, whereupon the transferee and transferor shall be jointly and severally liable for the amount of such premium. Any transfer shall be subject to any collateral assignment made by the original insured in accordance with section 19. However, the Corporation reserves the right to limit its liability to the amount of indemnity in connection with the insured crop(s) that would have been paid if the transfer had not taken place.

(b) An involuntary transfer of an insured interest in any insured crop solely because of the existence of a debt, lien, mortgage, garnishment, levy, execution, bankruptcy, or other process shall not entitle any holder of any such interest to any benefits under the contract.

(c) Any deduction to be made from an indemnity payable to the transferee shall not exceed the annual premium (plus any interest due) on the land involved in the transfer, plus the unpaid amount of any other obligation of the transferee to the Corporation.

(d) If, as a result of any transfer, diverse interests appear with respect to any insurance unit, any indemnity payable with respect to such unit may be paid jointly to all persons having the insured interest in the crop at the time harvest is commenced or the time of loss, whichever occurs first, or to one of such persons on behalf of all such persons, and payment in any such manner shall constitute a complete discharge of the Corporation's liability with respect to such unit under the contract.

(e) If a transfer is effected in accordance with paragraph (a) above, the contract of the transferor shall cover the interest so transferred only to the end of the insurance period for the crop year during which the transfer is made.

16. Determination of person to whom indemnity shall be paid. In any case where the insured has transferred his interest in all or a part of any insured crop on any insurance unit, or has ceased to act as a fiduciary, or has died, has been judicially declared incompetent or has disappeared, payment in accordance with the provisions of the contract will be made only after the facts have been established to the satisfaction of the Corporation. The determination of the Corporation as to the existence or nonexistence of a circumstance in the event of which payment may be made and of the person(s) to whom such payment will be made shall be final and conclusive. Payment of an indemnity under this section shall constitute a complete discharge of the Corporation's obligation with respect to the loss for which such indemnity is paid and settled and shall be a bar to recovery by any other person.

17. Other insurance. (a) If the insured has or acquires any other insurance against substantially all the risks that are insured against by the Corporation under the contract, regardless of whether such other insurance is valid or collectible, the liability of the Corporation shall not be greater than its share would be if the amount of its obligations were divided equally between the Corporation and such other insurer.

(b) In any case where an indemnity is paid to the insured by another Government agency because of damage to the insured

crop(s), the Corporation reserves the right to determine its liability under the contract, taking into consideration the amount paid by such other agency.

18. Subrogation. The Corporation may require from the insured an assignment of all rights of recovery against any person(s), for loss or damage to the extent that payment therefor is made by the Corporation, and the insured shall execute all papers required and shall do everything that may be necessary to secure such rights.

19. Collateral assignment. The original insured may assign his right to an indemnity under the contract by executing a form entitled "Collateral Assignment" and upon approval thereof by the Corporation the interest of the assignee will be recognized, including the right of the assignee to submit a "Statement in Proof of Loss" if the insured refuses to submit or disappears without having submitted such statement.

20. Records and access to farm. For the purpose of enabling the Corporation to determine any loss that may have occurred under the contract, the insured shall keep, or cause to be kept, for 1 year after the time of loss, records of the harvesting, storage, shipment, sale or other disposition, of all insured crops produced on each insurance unit covered by the contract, and on any uninsured acreage in the county in which he has an interest and such records shall be made available for examination by the Corporation. As often as may be reasonably required, any person(s) designated by the Corporation shall have access to the farm(s) for purposes related to the contract.

21. Voidance of contract. The contract may be voided and the premium forfeited to the Corporation without the Corporation's waiving any right or remedy, including its right to collect the amount of the premium note executed by the insured, whether before or after maturity, if (a) at any time the insured has concealed any material fact or made any false or fraudulent statements relating to the contract, the subject thereof, or his interest in the insured crop(s) covered thereby, or (b) the insured shall neglect to use all reasonable means to produce, care for or save the insured crop(s) covered thereby whether before or after damage has occurred, or (c) the insured fails to give any notice, or otherwise fails to comply with the terms of the contract, including the premium note, at the time and in the manner prescribed.

22. Modification of contract. No notice to any representative of the Corporation or knowledge possessed by any such representative or by any other person shall be held to effect a waiver of or change in any part of the contract, or to estop the Corporation from asserting any right or power under such contract, nor shall the terms of such contract be waived or changed except as authorized in writing by a duly authorized officer or representative of the Corporation; nor shall any provision or condition of the contract or any forfeiture be held to be waived by any delay or omission by the Corporation in exercising its rights and powers thereunder or by any requirement, act, or proceeding on the part of the Corporation or of its representatives relating to appraisal or to any examination herein provided for.

23. General. (a) In addition to the terms and provisions in the application and policy, the Multiple Crop Insurance Regulations for Continuous Contracts in effect for the crop year involved shall govern with respect to (1) minimum participation requirement, (2) closing date for filing applications for insurance, (3) death, incompetence, or disappearance of the insured, (4) fiduciaries, (5) prohibition against assignment or transfer of claims for refunds, (6) creditors, and (7) rounding of fractional units.

(b) Copies of the regulations and forms referred to in this policy are available at the county office.

24. Meaning of terms. For the purpose of the multiple crop insurance program, the terms:

(a) "Contract" means the accepted application for insurance and this policy.

(b) "County Actuarial Table" means the form and related material (including the crop insurance maps) approved by the Corporation for listing the coverages per acre and the premium rates applicable in the county, and shall be on file in the county office.

(c) "County office" means the office of the Production and Marketing Administration County Committee in the county or other office specified by the Corporation.

(d) "Crop year" means the period within which the insured crops are planted and normally harvested, and shall be designated by reference to the calendar year in which the crops are normally harvested.

(e) "Person" means an individual, partnership, association, corporation, estate, or trust, or other business enterprise or other legal entity, and wherever applicable, a State, a political subdivision of a State, or any agency thereof.

(f) "Sharecropper" means a person who works a farm in whole or in part under the supervision of the operator, with workstock and equipment furnished by a person other than himself, and who is entitled to receive a share of the insured crop(s) produced thereon or of the proceeds therefrom.

(g) "Share tenant" means a person (other than a sharecropper) who rents land from another person for a share of the crop(s) or proceeds therefrom produced on such land.

(h) "Substitute crop" means any crop, other than an uninsured legume crop, planted on released acreage for harvest in the current crop year.

25. Amount of annual premium. The premium rate for each insured crop will be the applicable number of dollars established by the Corporation for the coverage and rate area in which the insured acreage is located and will be shown by practices on the county actuarial table on file in the county office. The annual premium for each insurance unit under the contract will be based upon (a) the insured acreage of each insurable crop, (b) the applicable premium rate(s), and (c) the insured interest in each crop at the time of planting. The annual premium for the contract shall be the total of the premiums computed for the insured for all insurance units covered by the contract. The annual premium with respect to any insured acreage shall be regarded as earned when the insured crop on such acreage is planted.

26. Manner of payment of premium. (a) The applicant executes a premium note by signing the application for multiple crop insurance. This note represents a promise to pay to the Corporation annually, during the life of the contract, on or before the maturity date shown in the attached rider, the premium for all insurance units covered by the contract.

(b) A discount of 5 percent shall be allowed on any annual premium which is paid in full on or before the discount date shown in the attached rider if the insured has submitted to the Corporation at the county office his current multiple crop acreage report(s) on or before such discount date.

(c) Any premium note not paid at maturity shall bear interest computed not on a per annum basis but as follows: Three percent on the amount not paid on or before the interest date (shown in the attached rider) following the ma-

turity date and an additional 1 percent on the principal amount owing at the end of each two calendar month period thereafter.

(d) Payment on any annual premium shall be made by means of cash or by check, money order, postal note, or bank draft payable to the order of the Treasurer of the United States. All checks and drafts will be accepted subject to collection and payments tendered shall not be regarded as paid unless collection is made.

(e) Any unpaid amount of any annual premium plus any interest due may be deducted (either before or after the date of maturity) from any indemnity payable by the Corporation, from the proceeds of any commodity loan to the insured, and from any payment made to the insured under the Soil Conservation and Domestic Allotment Act, as amended, or any other act of Congress or program administered by the United States Department of Agriculture. There shall be no refund of any premium overpayment of less than \$1 unless written request for such refund is received by the Corporation within 1 year after the payment thereof.

POINTS FOR THE INSURED TO REMEMBER

These points are only reminders. Read your contract carefully.

Caring for your crops.—You are expected to follow good farming practices in preparing your land, and in planting, caring for, and harvesting your insured crops.

Reporting damage before harvest.—Report promptly to the county office any material damage to any of your insured crops.

Reporting loss after harvest.—If your share in the value of the total production of all insured crops on any insurance unit is less than the total coverage for all crops on the unit, report this fact to the county office immediately after completion of harvest.

Paying your premium.—Your premium note is due on the maturity date shown in the attached rider. Payment in full on or before the discount date shown in the attached rider will entitle you to a 5-percent discount. If you do not take advantage of the discount, prompt payment at maturity will avoid interest charges.

Commingling production.—If you anticipate a loss, do not mix production from separate insurance units without keeping records which will accurately show the production from each.

Transfer of growing crop.—If you transfer to another person all or any part of your interest in an insured crop after planting, notify the county office immediately in writing. Such other person will have no protection under the contract unless he immediately makes suitable arrangements with the Corporation for the payment of the premium for the acreage and interest transferred. However, such arrangements will not relieve you of responsibility for the total premium.